

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

FLNG LIQUEFACTION, LLC;	§ Adv. Pro. No. _____
FLNG LIQUEFACTION 2, LLC; and	§
FLNG LIQUEFACTION 3, LLC,	§
Plaintiffs,	§
	§
	§
v.	§ Removed from:
	§ 133rd Judicial District Court
CB&I INC.;	§ Harris County, Texas
ZACHRY INDUSTRIAL, INC.; and	§ Cause No. 2024-26036
CHIYODA INTERNATIONAL	§
CORPORATION,	§ Related to:
Defendants.	§ In re: Zachry Holdings, Inc., <i>et al.</i>
	§ Case No. 24-90377 (MI)

NOTICE OF REMOVAL BY DEFENDANT ZACHRY INDUSTRIAL, INC.

TO THE COURT AND TO ALL PARTIES AND THEIR COUNSEL OF RECORD:

PLEASE TAKE NOTICE that, pursuant to 28 U.S.C. §§ 1334(b) and 1452(a), Federal Rule of Bankruptcy Procedure 9027(a)(1), and Bankruptcy Local Rule 9027-1, Defendant Zachry Industrial, Inc. (“Zachry Industrial”) hereby removes to this Court this action now pending in the 133rd Judicial District Court of Harris County, Texas, Cause No. 2024-26036 (“Removed Action”).

The grounds for removal are as follows:

1. On May 21, 2024, Zachry Industrial and affiliated entities (collectively, “Zachry”) filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code in this Court, consolidated into Case No. 24-90377 (“Zachry Chapter 11 Cases”). According to its first-day declaration, Zachry sought bankruptcy protection “as a result of financial

distress caused by one of [the debtors'] major projects, the liquified natural gas . . . project . . . awarded to Debtor [and Defendant herein] Zachry Industrial, Inc." and its joint venture partners. Zachry Chapter 11 Cases, Doc. 7 at 2, ¶ 3. Those joint-venture partners are co-Defendant Chiyoda International Corporation and CB&I LLC. *Id.* The Zachry Chapter 11 Cases remain pending.

2. On April 23, 2024, Plaintiffs filed this Removed Action, asserting a claim alleging breach by Defendants of engineering, procurement, and construction contracts with Plaintiffs in connection with the Quintana Island LNG Liquefaction and Export Terminal in Freeport, Texas. Plaintiffs "seek monetary relief over \$1,000,000." Plaintiffs have served Defendants, but none has responded to Petition. On June 14, 2024, Zachry Industrial filed a Notice of Suggestion of Bankruptcy and Automatic Stay of Proceedings.

3. Zachry Industrial expressly does not concede that it is a proper party to the Removed Action.

4. The Removed Action is a civil action that may be removed to this Court pursuant to 28 U.S.C. § 1452(a) because the Court has jurisdiction over the claims asserted therein under 28 U.S.C. § 1334. Section 1334(b) grants this Court "original but not exclusive jurisdiction of all civil proceedings . . . related to cases under title 11," and it "is well established that '[f]ederal courts have "related to" subject matter jurisdiction over litigation arising from a bankruptcy case if the proceeding could conceivably affect the estate being administered in bankruptcy.'" *In re KSRP, Ltd.*, 809 F.3d 263, 266 (5th Cir. 2015) (quoting *Lone Star Fund V (U.S.), L.P. v. Barclays Bank PLC*, 594 F.3d 383, 386 (5th Cir. 2010)). Moreover, cases "are 'related to' a bankruptcy case if they involve legal claims by and

against the debtor.” *Menggui Zhang v. Rothrock*, 2006 WL 8446467, at *1 (S.D. Tex. Jan. 4, 2006).

5. The Removed Action falls under “related to” jurisdiction because it involves legal claims against debtor Zachry Industrial, and because it could conceivably affect the estate being administered in bankruptcy. Specifically, as noted above, the Removed Action seeks money judgments against Zachry and its co-Defendants jointly and severally for more than \$1 million. Zachry Industrial will likely incur significant costs disputing liability and damages, further reducing its estate and affecting the administration. If there is a judgment against Zachry’s co-Defendants, Zachry might be subject to contribution claims.

6. Removal by Zachry Industrial is timely under Federal Rule of Bankruptcy Procedure 9027(a)(2)(A), because the Removed Action (filed on April 23) was pending when Zachry Industrial commenced its case under the Bankruptcy Code (on May 21), and this notice is being filed within 90 days of such commencement.

7. Pursuant to Federal Rule of Bankruptcy Procedure 9027(a)(1), Zachry Industrial states that it consents to entry of final orders or judgment by the bankruptcy court.

8. The information required by Local Rule 9027-1(a) — (i) a list of all names and addresses of the parties, (ii) a designation of those parties service of process has been accomplished, and (iii) a list of the name, address, and telephone number of the counsel for every party — is attached hereto as Exhibit 1.

9. Pursuant to Federal Rule of Bankruptcy Procedure 9027(a)(1) and Local Bankruptcy Rule 9027-1(b), copies of all papers that have been filed in the 133rd Judicial District Court of Harris County, Texas are attached hereto as Exhibit 2.

10. Pursuant to 28 U.S.C. § 1446(d) and Federal Rule of Bankruptcy Procedure 9027(b)–(c), Zachry Industrial will, promptly after filing this Notice of Removal, (1) serve a copy of the notice on all parties to the Removed Action and (2) file a copy of the notice with the clerk of the 133rd Judicial District Court of Harris County, Texas.

WHEREFORE, Defendant Zachry Industrial, Inc. respectfully gives notice that the Removed Action pending against it in the 133rd Judicial District Court of Harris County, Texas is hereby removed to this Court.

Dated: July 31, 2024

Respectfully submitted,

/s/ John B. Thomas

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INDEX OF EXHIBITS

1. All information required by Local Rule 9027-1(a).
2. Copies of all papers filed in Cause No. 2024-26036 in the 133rd Judicial District Court of Harris County, Texas.